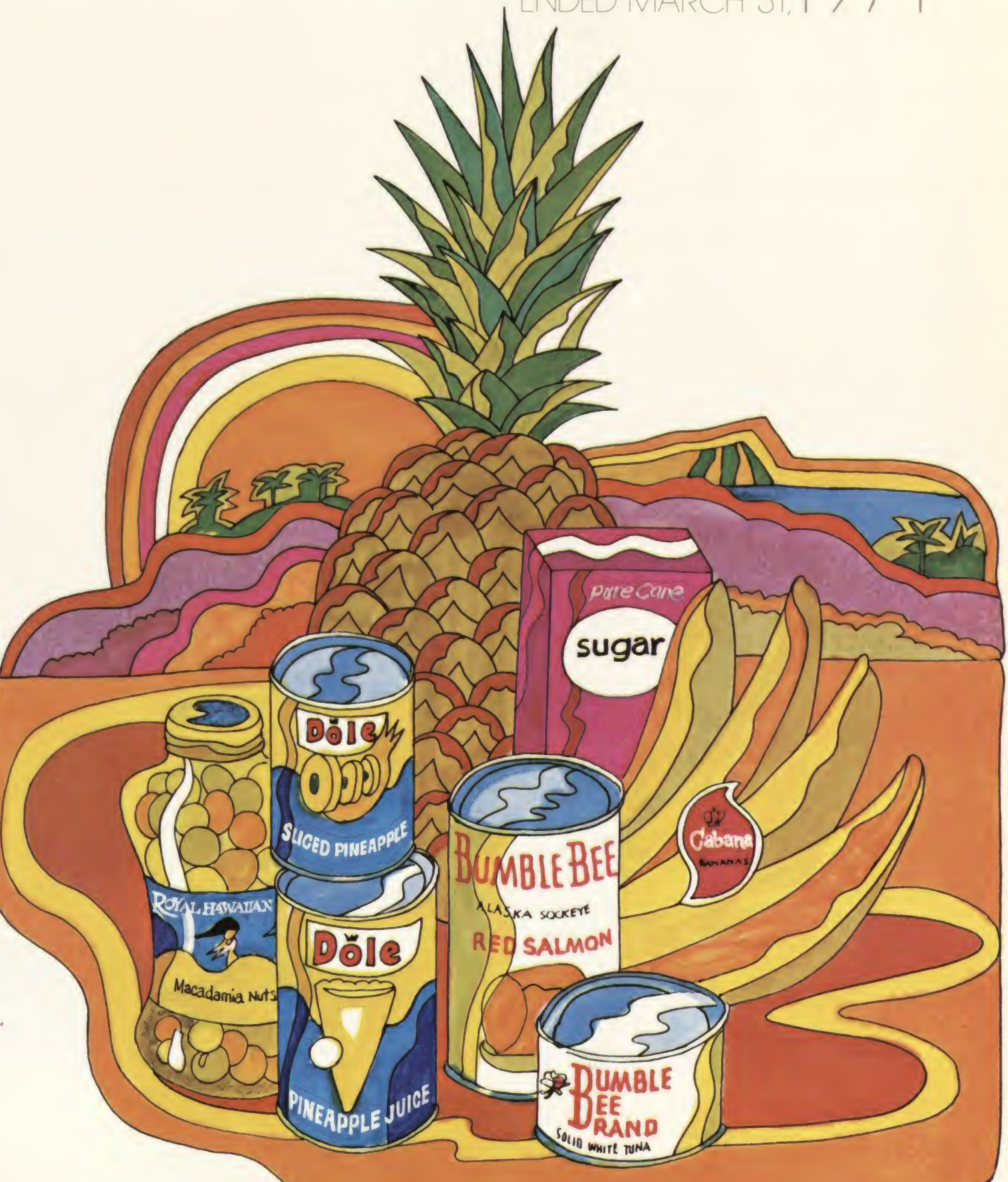
CASTLE & COOKE, INC.
ANNUAL REPORT
FOR THE YEAR ENDED MARCH 31, 1971



YEAR IN BRIEF

OPERATIONS FOR THE YEAR	March 31 1971	March 31 1970	Percent Change
Total revenues	**$507,038,000**	$503,000,000	1%
Income before extraordinary items	**6,594,000**	20,368,000	(68)
Extraordinary items	**3,478,000**	(2,743,000)	—
Net income	**10,072,000**	17,625,000	(43)
Earnings per common share:			
Income before extraordinary items	**.60**	1.87	(68)
Extraordinary items	**.31**	(.25)	—
Net income	**.91**	1.62	(44)
Earnings per common share—assuming full dilution:			
Income before extraordinary items	**.60**	1.81	(67)
Extraordinary items	**.31**	(.24)	—
Net income	**.91**	1.57	(42)
Cash dividends	**6,609,000**	6,254,000	6
Per share	**.60**	.57	5
AT YEAR END			
Working capital	**$ 71,640,000**	$ 74,988,000	(4)%
Total assets	**493,083,000**	447,362,000	10
Long-term debt	**128,325,000**	116,402,000	10
Stockholders' equity	**192,915,000**	189,214,000	2
Per share	**17.51**	17.36	1
Number of common shares outstanding	**11,037,248**	10,482,197	5
Number of stockholders	**19,757**	18,364	8

All 1970 per-share amounts have been adjusted for a 5% stock dividend issued in May, 1970.

CONTENTS

LETTER TO STOCKHOLDERS

Although Castle & Cooke's consolidated revenues showed a modest increase to $507,038,000 from $503,000,000 the year before, a variety of factors, weather conditions especially, combined to reduce the company's earnings for fiscal 1970-71.

Net income declined to $10,072,000 (91¢ per common share) from $17,625,000 ($1.62 a share) earned in the preceding year. This past year's earnings included an extraordinary gain of $3,478,000 (31¢ a share), whereas 1969-70 net income was after deduction of extraordinary losses of $2,743,000 (25¢ a share).

During the year, the company's Dole division made certain changes in its accounting for finished goods inventories. These changes produced the extraordinary gain of $3,478,000 and also accounted for $2,589,000 (23¢ a share) of 1970-71 income before extraordinary items.

These and other financial matters are explained more fully in the Financial Review section of this report, beginning on Page 13.

The adverse weather conditions that disrupted earnings this past year ranged from the Central American banana operations of the Standard Fruit & Steamship Co. subsidiary to the company's sugar and pineapple operations in Hawaii.

Banana operations were hit hard. The Costa Rica division, one of Standard's two major producing divisions in Central America, suffered three floods during calendar 1970. The last, in November and December, was the worst in that country in 50 years. Further aggravation was the high cost of bananas from other sources necessary to replace the temporarily-lost Costa Rican production.

Concurrently, Standard and the rest of the industry faced a prolonged period of depressed wholesale banana prices in the North American market. This was due to intensified competition and an industry-wide oversupply of product because of an upsurge in competitive shipments to market.

The result was a sharp drop in Standard's earnings, with a very adverse effect on overall Castle & Cooke earnings.

These conditions are temporary in nature. Yet, their combined effect is likely to be felt for some months. However, it is gratifying to note that despite the many hardships, Standard held 37% of the North American banana market for the year, a modest increase over the previous year.

Dole produced record sales for the year with an increase of more than 15%. This gave the division 40% of the U.S. consumer pineapple market.

Even with the unexpected announcement last December that traces of mercury had been found in canned tuna, the Bumble Bee Seafoods division was able to report record sales and earnings for the year. This was the division's third record year in a row for earnings and the 15th for sales. Following the mercury announcement, tuna sales dropped sharply, but more recently, they have improved substantially. A record salmon pack also contributed to the division's performance. At year end, Bumble Bee accounted for 10% of the U.S. canned tuna pack and 13% of the U.S. canned salmon pack.

Arneson Products turned in a most impressive increase in earnings as the result of vastly expanding the marketing program for its automatic swimming pool cleaning equipment. The Royal Hawaiian Macadamia Nut division also continued its upward curve in revenues and profits.

The company's sugar earnings were substantially less than a year ago. This was due to adverse weather conditions and the fact of having only two plantations instead of three. Waialua Sugar reported higher earnings but Kohala Sugar reported a

substantial loss. Because of the loss and the fact Kohala has long been a marginal operation, Castle & Cooke's directors decided, reluctantly, to cease sugar operations there at the close of the 1973 season. Studies are underway to find new employment opportunities for the plantation's employes as sugar operations are phased out.

Other factors contributing to the decline in 1970-71 earnings were a further drop in the value of the Philippine peso, the cost of developing a new computer time-sharing company, the tight money situation that prevailed in the real estate field throughout most of the year, and generally weak business conditions nationwide.

The company's various operations for the past year are described in detail in the Operations Review section, beginning on Page 5.

Around the world, a great deal of public attention has been focused on pollution and environmental control. We recognize these problems as they involve company operations, and we are moving to correct them. More recently, there appears to be growing recognition that more thoughtful consideration must be given to defining the overall problem and its solution. Pollution, unchecked, certainly is undesirable. But the goal of complete elimination of all pollution must be weighed against the ultimate cost of that goal.

On June 5, 1970, Henry B. Clark, Jr. and Donald J. Kirchhoff, executive vice presidents of Castle & Cooke, were elected to the company's board of directors. E. C. Bryan and Raymond W. C. Wong were elected vice presidents of the company, and Randolph G. Moore was elected treasurer.

On October 31, 1970, A. G. Budge retired as chairman of the board after completing 50 years of service with the company. He served as president from 1935 until 1959 when he became chairman. He continued as chief executive officer until 1961. His contributions to Castle & Cooke were numerous and far-reaching throughout his half-century career. He continues as a director of the company.

The untimely death on January 21, 1971 of John H. Scott, a vice president of Castle & Cooke, was recorded with deep regret. He had been with the company for 35 years, starting as an office boy. He was widely respected by all who knew him.

Malcolm MacNaughton
PRESIDENT

DIRECTORS & OFFICERS

DIRECTORS

Ernest C. Arbuckle
Chairman of the Board
Wells Fargo Bank, N.A.

A. S. Atherton
President
Honolulu Star-Bulletin, Inc.

A. G. Budge
Retired Chairman of the Board

W. M. Bush
Retired Executive Vice President

Henry B. Clark, Jr.
Executive Vice President

James J. Finch
Executive Vice President
Newhall Land and Farming Company

Donald J. Kirchhoff
Executive Vice President

Malcolm MacNaughton
President

John H. Magoon, Jr.
Chairman of the Board and President
Hawaiian Airlines, Inc.

John H. Midkiff
Retired Manager
Waialua Sugar Company, Inc.

Geo. G. Montgomery
Retired Chairman of the Board
Kern County Land Company

J. S. B. Pratt III
Chairman of the Board and
Chief Executive Officer
Hawaiian Trust Company, Limited

Thomas F. Sandoz
Consultant to the Company and
Retired President
Bumble Bee Seafoods

Albert D. Schwaner
Retired Executive
Dole Company

Richard H. Wheeler
President
Andrade & Company, Limited

OFFICERS

Malcolm MacNaughton
President

Henry B. Clark, Jr.
Executive Vice President

Donald J. Kirchhoff
Executive Vice President

John F. Murphy
Senior Vice President

Stanley Rosch
Senior Vice President & Controller

S. P. McCurdy
Vice President & Secretary

E. C. Bryan
Vice President

David W. Eyre
Vice President

Mitsuyoshi Fukuda
Vice President

Robert S. Gordon
Vice President

Richard M. Macfarlane
Vice President

Raymond W. C. Wong
Vice President

Randolph G. Moore
Treasurer

William B. Jamieson
Assistant Controller

George Miyasaka
Assistant Controller

Thomas J. Bailey
Assistant Treasurer

Peter Schoenwald
Assistant Treasurer

Wilson N. Siegmund
Assistant Treasurer

Allen V. Cellars
Assistant Secretary

M. R. Durnam
Assistant Secretary

Jess H. Walters
Assistant Secretary

AUDITORS

Haskins & Sells
Honolulu

STOCK TRANSFER AGENTS

Hawaiian Trust Company, Limited
Honolulu

Wells Fargo Bank, N.A.
San Francisco

Morgan Guaranty Trust Company
New York

REGISTRARS

Bishop Trust Company, Limited
Honolulu

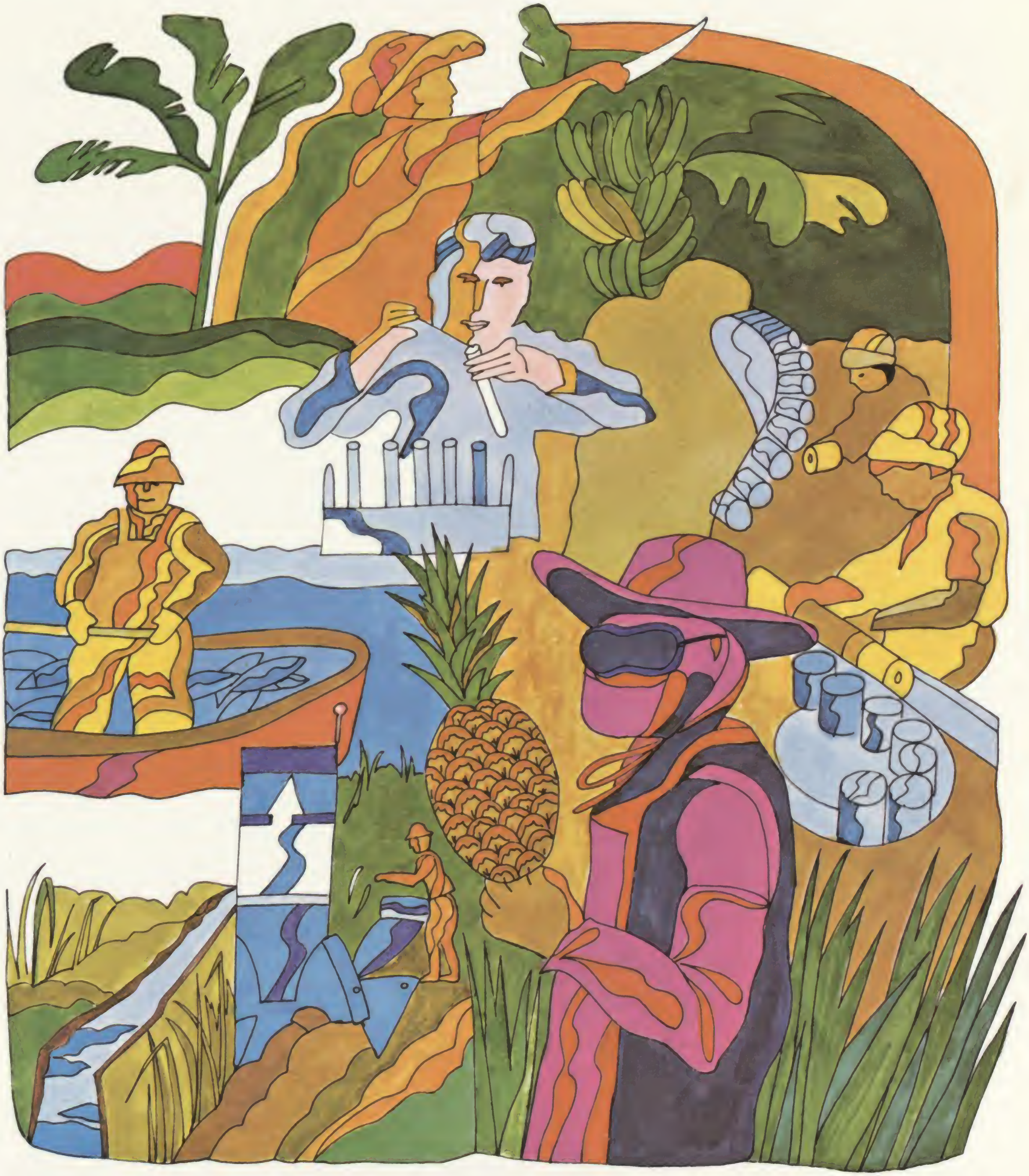
Bank of America, N.T. & S.A.
San Francisco

Bankers Trust Company
New York

DEBENTURE TRUSTEE

Bankers Trust Company
New York

OPERATIONS



FOOD

STANDARD FRUIT & STEAMSHIP

Profits of Standard Fruit & Steamship Co. were reduced substantially this past year. The decline was caused principally by two factors: (1) three major floods in Standard's Costa Rican banana-producing areas during calendar 1970, and (2) a sudden upsurge in competitive banana shipments that severely disrupted the North American banana market, resulting in wholesale banana prices dropping to levels substantially below normal.

The flood damage is being repaired as rapidly as possible, and the turmoil in the marketplace is beginning to correct itself. But the economic effects of both will be felt into the new year.

The problem in the North American banana market stems from hurricanes and flooding that damaged banana-growing areas in Central America in both 1969 and 1970. Production of both Standard and its major competitors was affected in these areas. The result was a reduction in total Central American banana supplies and, consequently, reduced shipments to market.

This halted a trend of steady annual increases in total North American banana sales that had prevailed from 1962 to 1968. The shortage of bananas led to abnormally high wholesale prices for a 13-month period from mid-1969 to mid-1970. In the latter half of 1970, banana shipments suddenly mushroomed with the return to production of competitive acreage damaged by a 1969 hurricane. While the resulting increased volume of total shipments was not out of line with the upward trend of 1962-68, the sudden impact of the expansion could not be readily absorbed by the distribution system, and wholesale prices fell.

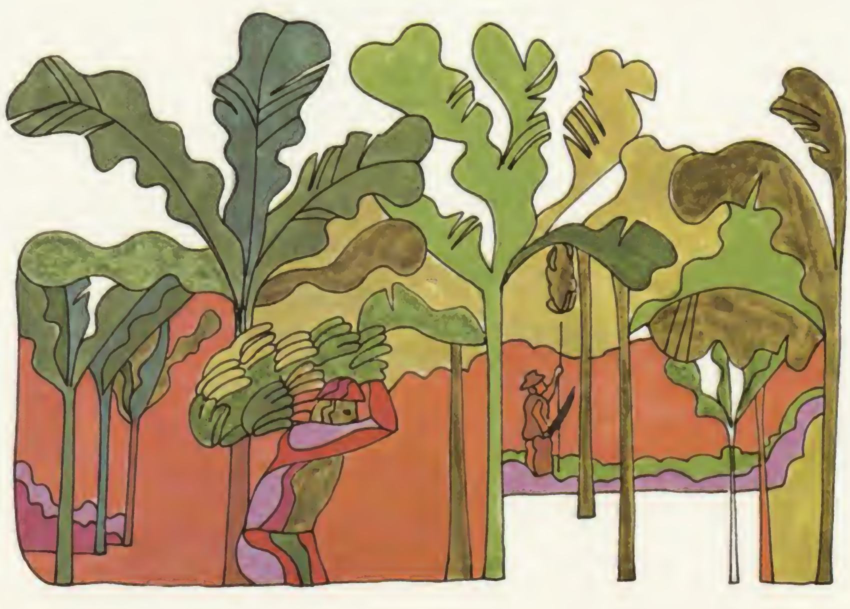
Now that the market situation is beginning to correct itself, Standard's goal is to help restore the orderly upward sales trend of pre-1969 through a program of advertising, merchandising and technical services focused on expanding banana consumption in North America.

The Costa Rica division was well on the way to recovery from the damage of heavy floods in late January and April, 1970, when it was hit again in November and December by the heaviest flooding experienced in the Atlantic region of Costa Rica in the past 50 years. Fortunately, no lives were lost but the resulting damage to lands, roads, bridges and railways dealt a severe blow to the division.

Development of our new Rio Frio banana project in Costa Rica was about 80% completed when the latest floods occurred. Shipments from this area were temporarily halted by the destruction of a transit system across the Sucio River, but shipments have now been resumed in substantial quantities by the use of other transportation. Construction of a major new railroad access route is in progress at a site which should prove less vulnerable to storm damage. Until these transportation problems are resolved, further expansion of the Rio Frio project has been deferred.

The Sula Valley of Honduras has largely recovered from the effects of Hurricane Francelia in 1969 and is operating at normal levels. Productivity on company farms in Honduras again exceeded all previous records, and shipments from Standard's expanding independent planter program also showed major increases over the prior year.

The development of the Nicaragua division, announced last year, is on



schedule. Contracts have been signed with producers, and harvesting should begin in early 1972.

During the year, Standard's operations in Ecuador, where purchases are made from local growers, were affected by unusually heavy demand for fruit. These conditions resulted from purchases for the North American market, plus heavy orders for the Japanese trade. The latter condition resulted from typhoon damage to banana acreage in Taiwan, which is a major supplier to the Japanese market.

These pressures boosted Ecuador's fruit prices during the year to completely uneconomic levels. Both to honor our contractual commitments and to maintain operations at a level that would guarantee access to the highest quality fruit, Standard continued its purchases in near-normal numbers.

By fiscal year end, the situation had reversed. Central American production had recovered, lessening the demand for Ecuador fruit, and Japan's heavy buying tapered off.

In early 1971, the Ecuador government took steps to protect its vital banana industry by reducing export taxes and purchase costs. Our position in that country continues as an exporter of top-quality fruit.

No matter what the source of our bananas, the company works constantly with all growers in developing new techniques to further upgrade the quality of the fruit.

Volume in Standard's European markets reached new highs. Our first shipments were made to Scandinavia in early '71, the third area to be served on the Continent. The Scandinavian shipments are being marketed by STABA, subsidiary of Frans A. Sanden AB, part of the Axel Johnson group of Stockholm. In the Orient, Stanfilco, Standard's Philippine subsidiary, more than doubled its banana shipments to Japan over the previous year. The increased volume from Stanfilco more than offset a reduction of shipments from Ecuador and, as a consequence, profit contributions from sales to the Japanese market increased.

During the year, weekly banana shipments to Galveston, Tex., were inaugurated, improving our ability to serve customers in the Southwest.

DOLE COMPANY

Dole improved its performance over the prior year. Revenues increased by more than 15% to a record high for the division. In the U.S. consumer pineapple market, the Dole brand share reached 40%.

These achievements were made despite supply problems early in the year, caused by then-prevailing Hawaiian drought conditions, and a weakening of the market near the end of the year, a reflection of U.S. economic conditions.

Price increases implemented at the close of 1970 were maintained and these, combined with a substantial growth in case volume, produced record revenues.

Much of the gain is attributed to pineapple packed in natural juice, a product innovated by Dole several years ago. This product continues to gain broad acceptance among old and new pineapple consumers as "spoon" fruit. Pineapple packed in syrup maintains its dominant position, used primarily as an ingredient in meal preparation. Dole is also selling a growing amount of its product to food service (away-from-home eating) and remanufacturing markets.

Although the canned and frozen juice and drink market still suffers from proliferation and competitive pricing, Dole's share in both categories achieved the highest levels ever.

Dole completed acquisition of the Hawaiian pineapple operations of Libby, McNeill & Libby in June, 1970. The former Libby cannery in Honolulu has been closed but Libby's 11,700-acre plantation on the island of Molokai has been successfully integrated into Dole's Hawaii operations. All the Molokai fruit is going through Dole's Honolulu cannery. Dole now has 38,200 acres devoted to pineapple growing in the Islands. They

produce about 550,000 tons of fruit a year.

Dolefil, our Philippine pineapple operation, produced 208,000 tons of fruit during the year. Dolefil expects to attain its maximum level of 250,000 tons within the next two years.

Dole's Salem, Ore., cannery experienced an above average pack of fruits and vegetables, both in volume and quality. The Salem plant is manufacturing fruit bases for yogurt and bakery fillings and also a new meat tenderizer-marinade which makes use of the pineapple enzyme, bromelain. The marinade, called Gourmet Touch, is being tested in three markets.

Dole expanded its interest in foreign canneries during the year. In Korea, a 48% interest was acquired in the Hwanam Industrial Co., a fruit and vegetable canning operation, and plans call for doubling production.

Dole also purchased a 20% interest in Island Canning Co., a pineapple company in Thailand where the industry is rapidly developing and costs are favorable.

Jintan-Dole Co., a joint venture Japanese pharmaceutical firm, had another year of growth in revenue and profit.

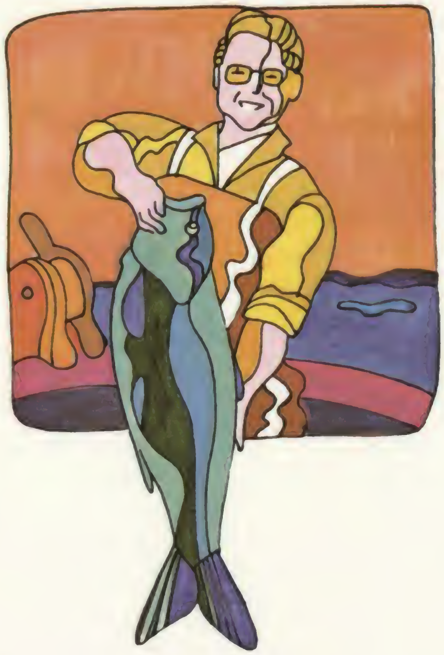
Dow Chemical Co., after initial research on the use of bromelain in a product for the treatment of burns, has decided not to pursue any long-term program in this area, and Dow has exercised an option to cancel its contract with Dole.

To strengthen its internal research and development capabilities, the company has withdrawn its membership in the Pineapple Research Institute of Hawaii. Dr. J. B. Smith, former director of PRI, has joined Dole as vice president of research-development-engineering. During the year, William S. Kamin was elected vice president of finance, and Alfred L. Fraga became vice president of industrial relations. Edward I. Feigon resigned as vice president of new product development, and Peter Schoenwald succeeded George C. Shervey as treasurer. Mr. Shervey retired after an association of 44 years.

BUMBLE BEE SEAFOODS

Record earnings and revenues again were reported by Bumble Bee Seafoods, despite the unexpected announcement in December, 1970 that traces of mercury had been found in canned tuna. Sales increases were shown by all three of Bumble Bee's major products—canned tuna, salmon and pet food. It was the division's third year in a row for record earnings and the 15th for record sales.

The announcement by the U.S. Food & Drug Administration of the presence of minute quantities of mercury in canned tuna caught the entire tuna industry by surprise. The industry, in cooperation with the National Canners Assn. and the FDA, immediately started testing all inventories of canned tuna for mercury content. These examinations showed the number of cases of tuna containing excessive mercury to be a small fraction of what had first been reported, and these cases were promptly removed from distribution channels.



The presence of mercury in tuna is attributed to the natural mineral content of ocean waters and is not related to processing and canning.

Bumble Bee's tuna sales, along with the rest of the industry, declined sharply immediately after the announcement, despite FDA assurances that the product was wholesome. Recently, however, sales have improved substantially, indicating the American consumer is regaining confidence in this favorite seafood.

Good numbers of albacore tuna appeared off the Pacific Coast last summer. Tuna fishing in Hawaiian waters improved, and the supply, plus imported fish, enabled the Honolulu cannery to put up its largest pack. Good runs also occurred off the eastern seaboard and contributed to a satisfactory level of production at the Cambridge, Md., plant.

World market prices for raw tuna, which had reached all-time highs in fiscal 1969-70, continued to climb, requiring price increases for the finished product.

In Bumble Bee's salmon business, excellent summer fishing in Bristol Bay and in central Alaska contributed materially to the division's successful operations. Bristol's 1970 red salmon production was second highest in more than 20 years, and very good catches of red and pink salmon were made around Kodiak Island and in other Alaskan waters. Our canning operations in these areas were well located to take advantage of the good fishing and, despite disappointing runs of pink salmon in southeast Alaska, the division's 1970 salmon production was considerably above any previous pack.

Puget Sound sockeye salmon catches were about average for the cycle year. Columbia River runs of spring salmon were around the same level as in recent years but autumn runs showed marked improvement.

Figaro canned pet foods reached record levels in sales.

The division's frozen shrimp operations in Surinam, S.A. showed reduced profitability because of a combination of lower prices paid for the product in the U.S. and a relatively poor season for shrimp fishing in South America. An additional waterfront site has been acquired for expanded moorage facilities.

SUGAR

Sugar, for many years the cornerstone in Castle & Cooke's business, continues to diminish in importance in the company's operations. As reported a year ago, the company sold the operating assets of one of its three Hawaii plantations—Ewa Sugar Co.—because of uncertainties regarding renewal of Ewa's land leases on acceptable terms.

A year later, on March 1, 1971, the company announced plans to terminate operations at its Kohala Sugar Co. subsidiary on the island of Hawaii at the end of the 1973 grinding season because of economic reasons.

The difficult decision to halt production at Kohala was reached after thorough studies indicated the futility of making the operation even reasonably profitable. The Kohala plantation suffered a substantial loss for the year just ended, and earnings in recent years have been spotty.

In the past 10 years, $6,000,000 have been spent to improve operating efficiencies, reduce costs and increase sugar yields but results were insufficient to warrant continued production.

The Kohala phase-out will be gradual and the company will assist the 516 employes there in finding new employment.

Until a year ago, Castle & Cooke grew 15% of the sugar produced in Hawaii. Selling the Ewa operation reduced this to 10%. When Kohala ceases operations, our share will be 6%.

California and Hawaiian Sugar Co., the refining and marketing cooperative owned by the Hawaiian sugar industry, suffered a costly 17-week strike during the year. By the time settlement was reached, private-label cane and beet products had made deep inroads into Hawaii's refined sugar distribution in California (especially in the canning industry) and, to a somewhat lesser extent, in other markets.

Despite this, raw and refined prices improved sufficiently to result in an average return to our two plantations of $155.74 per ton, compared with $145.19 in 1969.

The increased return, together with an effective cost control program at Waialua Sugar, resulted in a small increase in that plantation's profit over the previous year. However, the loss at Kohala, caused by adverse weather conditions there, and the absence of Ewa's profit contribution reduced Castle & Cooke's sugar earnings for the year.

MACADAMIA NUTS

The past year was the best in Royal Hawaiian Macadamia Nut Co. history. Sales were up 20%, despite major cutbacks by a number of airlines which reduced their use of cocktail packs as a means of trimming costs.

While still small in C&C's total operations, profits of the division improved substantially. This was due to a record crop from the division's orchard near Hilo, increased purchases from outside growers, and improvements in orchard and factory operations.

During the year, Richard Jennings resigned as vice president and sales manager of the division. He was replaced by Leslie W. Hodges as sales manager.

LAND

OCEANIC PROPERTIES

Oceanic's two major developments in Hawaii and California were profitable for the year, despite high interest costs in the real estate field.

Mililani Town, Oceanic's planned 3,500-acre new community on the island of Oahu, reported its most successful year. For the first time, outside home builders introduced their houses to the project and met with marked success. Townhouses also made their appearance for the first time, and market acceptance was gratifying.

Prior to year end, Oceanic became sole owner of the development by purchasing the 40% minority interest.

The Sea Ranch, Oceanic's 5,200-acre second home development on the northern California coast, remained profitable, although sales were depressed by general economic conditions. The development has gained wide recognition for its efforts to preserve its local environment, and this has been a major influence in the project's continued success.

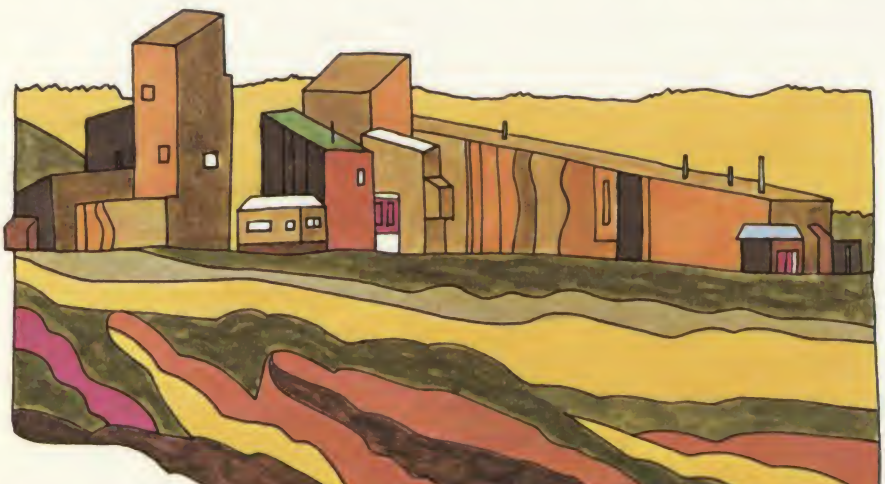
The subsidiary's urban division (formerly the commercial development division) completed work during the year on a major Honolulu condominium apartment project and started sales on a luxury residential condominium project in Hawaii-Kai, a Honolulu suburb. Buyers' response has been exceptional.

Elsewhere, sales at Jackson Oaks at the south end of Oceanic's property near San Jose, Calif., were slow during the year because of aerospace industry lay-offs in that area.

Ferry Port Plaza, a major commercial and hotel complex proposed for the San Francisco waterfront, is stalled by the action of a Bay Area regulatory agency. Oceanic and its partners in the project are working to resolve the problem.

A new division called the Lanai Company was organized during the year to take over the management of the non-pineapple property on the island of Lanai, which is owned almost entirely by Castle & Cooke. The new arrangement has no effect on Dole's pineapple plantation there. Donald Rietow, an Oceanic vice president, is president of Lanai Company.

During the year, George Yim was elected vice president in addition to his duties as secretary. Bronson Baker was elected vice president for administration.



BARCLAY HOLLANDER CURCI

The high cost of mortgage money, together with a depressed economy in southern California due to aerospace industry lay-offs, sharply reduced sales and earnings of Barclay Hollander Curci, C&C's home-building subsidiary.

Brae Burn, the 885-acre residential development planned in the Santa Monica mountains of West Los Angeles, is awaiting final approval from local government. Initial construction is expected to begin in fiscal 1971-72. An extensive grading and filling program made good progress during the year. Plans call for two 18-hole golf courses as part of the development.

Mobile Housing Environments, a joint venture with a Transamerica Corp. subsidiary for the development of mobile home parks, completed its first year of operation with sales of eight parks totaling 1,668 mobile home spaces. Construction is underway on parks with an additional 1,100 spaces. MHE is studying 23 sites in six states for possible development as part of its continuing expansion program.

MERCHANDISING
MANUFACTURING

AMES MERCANTILE

Ames, the company's discount merchandising subsidiary, suffered a difficult and disappointing year, resulting in a loss from operations. A number of factors contributed to the poor showing.

Sales expectations were not met, attributed in part to weak economic conditions in the western U.S. where Ames operates. These economic conditions also resulted in competitive factors which produced a deterioration in gross profit margins.

At year end, Ames operated five full-line U.S.E. discount stores in the San Francisco Bay area; 15 Value Giant junior discount stores throughout California; concession departments in discount stores in California, Nevada, Washington and Hawaii, and a wholesale drug and sundry business in northern California.

Several management changes were made before and after the end of the fiscal year. Aaron M. Greenberg, president, and Paul D. Kase, executive vice president, resigned and a search is underway to replace them.

Roy R. McNaughton became treasurer, succeeding Kevin McCready, who resigned. Byron Pierce, vice president and operations manager, also resigned during the year.

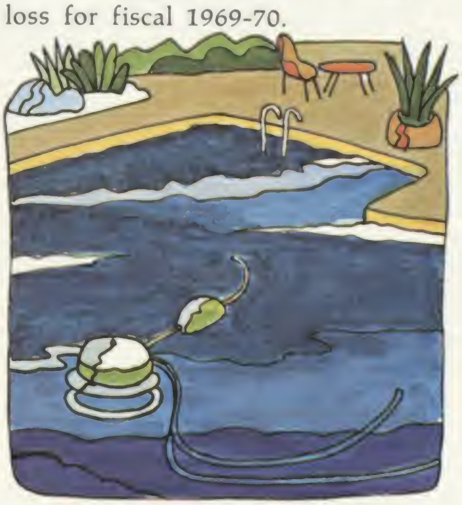
HAWAIIAN EQUIPMENT

Revenues increased but earnings were down sharply, due primarily to a profit squeeze and write-downs in used inventories. Truck and machinery sales were chief contributors to increased sales.

O. H. McPheeters, Hawaiian Equipment's president, took early retirement in September. He was succeeded by J. P. Bova.

ARNESON PRODUCTS

The profit potential envisioned when Arneson Products was acquired by C&C in mid-1968 began to be realized this past year as this California manufacturer of automatic swimming pool cleaning equipment became a significant contributor to corporate earnings. In contrast, the subsidiary had shown a small loss for fiscal 1969-70.



The principal factor behind Arneson's success was conversion of its marketing program from direct retail to a wholesale basis to permit rapid expansion to nationwide distribution. This goal was achieved by year end with a network of 50 pool equipment distributors strategically located in all the major swimming pool markets across the country.

These marketing efforts, together with an effective cost reduction program, produced the best year in Arneson's history.

While the international swimming pool market does not approach that of the U.S., Pool-Sweeps are being distributed in Canada, the British Isles, the European Continent, South Africa and Australia.

REPUBLIC GLASS

Republic Glass, a 61%-owned Philippine subsidiary, showed a sharp drop in dollar earnings from the preceding year due to the effects of the continued devaluation of the Philippine peso.

In production, however, Republic Glass reported a 33% increase in combined tonnage of window, rolled and plate glass products in spite of a decline in commercial construction activity in the Philippines. The increase in production volume was due to the start-up of the company's second window glass line early in the year.

Exports on a trial basis were started during the year to Indonesia and Guam, and plans are being considered for exports to the U.S. Pacific Coast in the future. However, supplying the glass needs of the Philippine construction industry and other markets in that country will continue to have top priority in the company's operations.

THAI-AMERICAN STEEL

Thai-American Steel Works Co., Bangkok manufacturer of galvanized steel pipe and steel furniture tubing, reported a decline in sales and earnings due to increased competition. Castle & Cooke owns a 55% interest in this company.

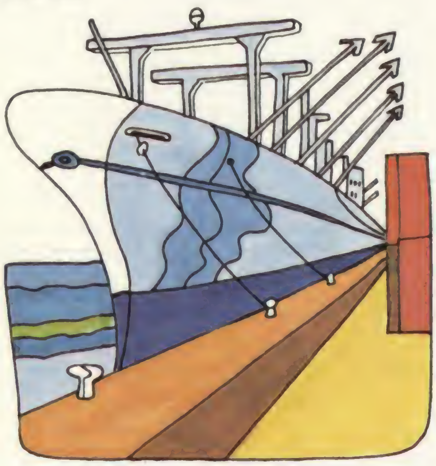
SERVICES

TRANSPORTATION

Castle & Cooke Terminals, the company's Honolulu stevedoring subsidiary, reported an increase in earnings, despite lower revenues.

P. K. Lewis was elected president of Terminals, and Murray C. Grune was elected vice president.

The past year was the best in the history of Kawaihae Terminals, a 55%-owned subsidiary which provides stevedoring services at the Port of Kawaihae on the island of Hawaii.



Our ship agency division also reported an improvement in earnings due to strict economy measures, more favorable scheduling by American President Lines, and Pacific Far East Line's appointment of the agency to serve their newly-acquired South Pacific luxury liners, the Mariposa and Monterey, both former Matson ships.

C&C's two trucking operations on Oahu suffered from adverse conditions during the year. Oahu Transport Co. reported lower earnings due to reduced construction industry hauling and lower revenues from the sugar industry. Hawaiian Hauling Service reported increased revenues but suffered a loss because of increased labor costs and problems in assimilating a warehousing acquisition into its operations.

COMPUTER SERVICES

Castle & Cooke Computer Systems, Inc., C&C's U.S. mainland data processing subsidiary acquired a year ago, faced numerous obstacles as the year began. Although it operated at a loss throughout the year, CSI has been showing improvement in recent months through increased revenues resulting from establishment of a reputation for reliable computer service. Further improvement is expected during fiscal 1971-72.

CSI is a full-service, time-sharing computer operation designed to assist business, engineering, science and education. The firm is headquartered in Portland, Ore., and has marketing offices in Seattle, San Francisco, Los Angeles and San Diego.

During the year, Harry H. Rahr became chairman of the board, and Allan Berman joined the subsidiary as president.

Computer Information Services, Castle & Cooke's data processing division in Hawaii, made further progress during the year in providing computer services to C&C and its operating units in Hawaii and the San Francisco area. It also provides consulting services and leases computer equipment to C&C subsidiaries on the U.S. mainland and in Central America, and offers its computer systems and services to the general business community in Hawaii.

PLAN

PLAN, Castle & Cooke's international agri-business management and consulting service, became more active during the past year.

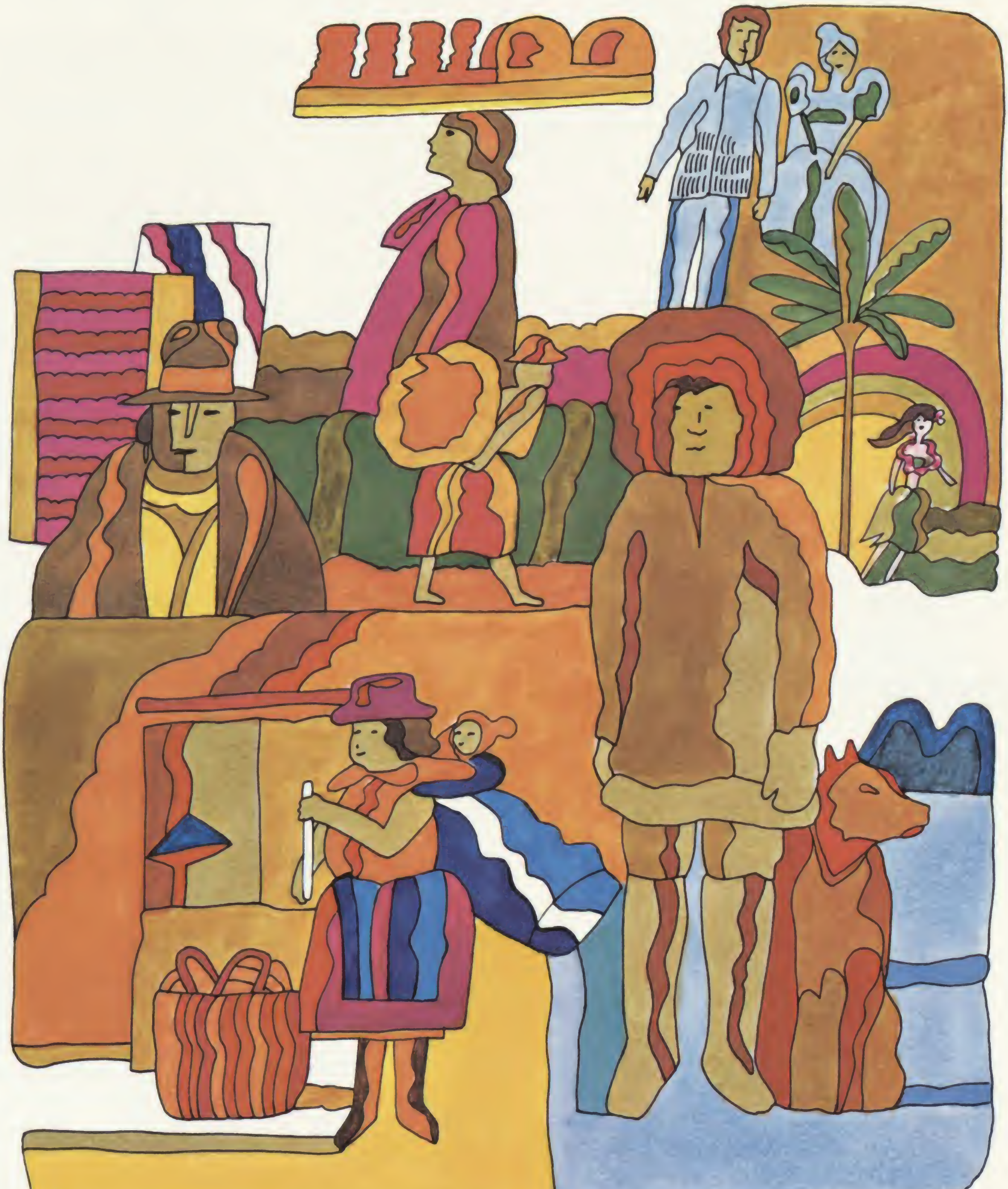
In Thailand, management services are being provided under a five-year contract to Island Canning Co., a newly-organized pineapple operation in which Dole has acquired an interest. In Iran, a feasibility study on the economic and technical justification of a farming venture on 25,000 acres in Khuzestan was made under a consulting contract with U.S. and Iranian investors. In Malaysia and India, negotiations are nearing completion on contracts involving agricultural projects.

In transportation, PLAN provided management and consulting services to the Trust Territory of the Pacific Islands-Congress of Micronesia, the commercial port of Guam, the Panama Canal Co. and several U.S. shipping and terminal companies.

CASTLE & COOKE EAST ASIA

This subsidiary, headquartered in Tokyo, has been included for the first time in Castle & Cooke's consolidated financial statements. The firm renders a variety of services for various C&C companies operating in Japan and elsewhere in the Orient.

FINANCIAL REVIEW



TEN YEAR FINANCIAL HISTORY*

	1971	1970	1969
OPERATIONS FOR THE PERIOD(1)			
Total revenues	**$507,038,000**	$503,000,000	$449,903,000
Income before extraordinary items	**6,594,000**	20,368,000	15,034,000
Return on average equity	**3.45%**	11.20%	9.02%
Extraordinary items—net	**3,478,000**	(2,743,000)	3,533,000
Net income	**10,072,000**	17,625,000	18,567,000
Earnings per common share (1):			
Income before extraordinary items	**.60**	1.87	1.42
Extraordinary items	**.31**	(.25)	.33
Net income	**.91**	1.62	1.75
Earnings per common share—assuming full dilution (1):			
Income before extraordinary items	**.60**	1.81	1.41
Extraordinary items	**.31**	(.24)	.33
Net income	**.91**	1.57	1.74
Dividends declared to Castle & Cooke stockholders:			
Cash dividends	**6,609,000**	6,254,000	5,455,000
Per share (1)	**.60**	.57	.55
Stock dividends	**5%**	—	100%
Depreciation expense	**13,236,000**	11,726,000	10,911,000
Capital expenditures	**29,484,000**	27,030,000	22,720,000
AT YEAR END			
Current assets	**210,104,000**	188,777,000	176,686,000
Current liabilities	**138,464,000**	113,789,000	109,280,000
Working capital	**71,640,000**	74,988,000	67,406,000
Ratio of current assets to current liabilities	**1.52 to 1**	1.66 to 1	1.62 to 1
Total assets	**493,083,000**	447,362,000	416,863,000
Long-term debt	**128,325,000**	116,402,000	111,517,000
Minority interests	**15,128,000**	14,508,000	12,827,000
Stockholders' equity	**192,915,000**	189,214,000	174,363,000
Per share (1)	**17.51**	17.36	16.45

*The years 1971, 1970 and 1969 represent 12-month periods ended March 31.
The year 1968 is for the 11-month period ended March 31.
The years 1967 and earlier represent 12-month periods ended April 30.

NOTES
(1) Where applicable and material, data for all prior periods has been restated to give effect to poolings of interests, stock dividends and stock split-ups in the form of dividends.
(2) Includes $2,511,000 declared prior to April 30, 1961, paid in 1961-62.

1968	1967	1966	1965	1964	1963	1962
$365,462,000	$343,309,000	$331,109,000	$262,273,000	$206,636,000	$183,297,000	$171,150,000
12,549,000	9,774,000	11,838,000	9,355,000	9,015,000	3,500,000	5,062,000
8.16%	6.74%	8.63%	7.57%	8.02%	3.19%	4.61%
—	1,434,000	—	9,235,000	—	—	16,486,000
12,549,000	11,208,000	11,838,000	18,590,000	9,015,000	3,500,000	21,548,000
1.20	.95	1.16	.94	.93	.36	.51
—	.14	—	.92	—	—	1.68
1.20	1.09	1.16	1.86	.93	.36	2.19
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
4,317,000	3,987,000	3,656,000	3,476,000	3,465,000	2,776,000	3,538,000(2)
.48	.46	.43	.41	.41	.33	.42
—	5%	50%	10%	—	—	—
8,389,000	8,173,000	7,929,000	6,563,000	5,057,000	5,077,000	4,770,000
18,400,000	20,124,000	20,960,000	6,744,000	9,675,000	6,022,000	5,977,000
152,867,000	136,027,000	122,684,000	119,040,000	73,689,000	73,772,000	76,702,000
78,705,000	73,668,000	69,552,000	54,500,000	27,157,000	26,247,000	23,230,000
74,162,000	62,359,000	53,132,000	64,540,000	46,532,000	47,525,000	53,472,000
1.94 to 1	1.85 to 1	1.76 to 1	2.18 to 1	2.71 to 1	2.81 to 1	3.30 to 1
351,360,000	305,057,000	269,975,000	248,565,000	160,301,000	151,019,000	150,652,000
95,242,000	58,194,000	32,351,000	25,177,000	10,370,000	9,532,000	10,446,000
11,381,000	16,818,000	18,157,000	27,584,000	2,060,000	2,777,000	5,187,000
159,043,000	148,565,000	141,621,000	132,787,000	115,127,000	109,721,000	109,863,000
15.23	14.40	13.82	13.28	11.82	11.24	11.17

REVENUES AND INCOME

Consolidated revenues for fiscal 1970-71 were $507,038,000, compared with $503,000,000 reported for the previous year.

Net income declined to $10,072,000 (91¢ per common share) from $17,625,000 ($1.62 a share) the year before. Net income for the past year included income before extraordinary items of $6,594,000 (60¢ a share) and an extraordinary gain of $3,478,000 (31¢ a share). Net income for the previous year consisted of income before extraordinary items totaling $20,368,000 ($1.87 a share), less extraordinary losses of $2,743,000 (25¢ a share).

For fiscal 1970-71, there was no dilutive effect on net income per common share from assuming conversion of the company's convertible subordinated debentures. However, for fiscal 1969-70, the effect would be to reduce net income per share by 5¢.

Income per share for both years is based on the average number of common shares outstanding for each year, adjusted for a 5% stock dividend in fiscal 1970-71 (see "Dividends"). There was an average of 11,018,746 shares outstanding this past year and 10,900,961 shares in the previous year.

During fiscal 1970-71 but retroactive to the beginning of the year, the Dole division changed (for financial statement purposes but not for income tax purposes) its method of valuing its pineapple finished goods inventories produced in Hawaii from a static unit value basis to the lower of cost (first-in, first-out) or market basis. Dole's books will continue to be maintained on the static unit value basis because income tax regulations require that the books and tax returns be kept on the same basis. On December 31, 1970, the procedures used to value Dole's finished goods inventories produced in the Philippines were modified from its previously used costing procedures to those now used in Hawaii.

These changes accounted for $2,589,000 (23¢ a share) of the $6,594,000 (60¢ a share) reported for income before extraordinary items for fiscal 1970-71. If the changes had been in effect for fiscal 1969-70, income before extraordinary items for that year would have been $19,767,000 ($1.81 a share).

In addition, the inventory accounting change for Hawaii pineapple production, because of its effect on periods prior to April 1, 1970, produced the extraordinary gain of $3,478,000 after provision for deferred income taxes of $3,202,000. The change for Philippine production had no effect on prior years' income.

The accounting for these changes is in accordance with generally accepted accounting principles.

The fiscal 1969-70 extraordinary losses totaling $2,743,000 (25¢ a share) consisted of: (1) provision for loss by the Dole division because of the U.S. government's restrictions on the use of cyclamates ($373,000 after taxes of $431,000), (2) the effect on investments in certain of the company's Philippine subsidiaries from devaluation of the Philippine peso ($1,301,000), and (3) a loss from the sale of the principal operating assets of Ewa Sugar Co. ($1,069,000 after taxes of $695,000).

Contributions by major activities to consolidated revenues and to income before unallocated expenses and income taxes are shown in the five-year table on the opposite page.

The following classes of food products contributed more than 10% of Castle & Cooke's gross revenues during the past five fiscal years:

Bananas—1971, 29%; 1970, 29%; 1969, 27%; 1968, 26%; 1967, 27%.
Pineapple, other fruits and vegetables—1971, 27%; 1970, 24%; 1969, 27%; 1968, 30%; 1967, 32%.
Seafoods—1971, 13%; 1970, 12%; 1969, 12%; 1968, 12%; 1967, 13%.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements in this report include the accounts of the company and all except several small subsidiaries. Intercompany accounts and transactions of material amounts have been eliminated. The accounts of foreign subsidiaries are maintained in U.S. currency or are translated at appropriate rates of exchange. Minor gains or losses on foreign exchange are included in consolidated income before extraordinary items; major gains or losses are reported as extraordinary items.

Total assets in foreign countries at March 31, 1971 were $174,115,000, including $47,678,000 of current assets.

FIVE YEAR HISTORY OF REVENUES AND INCOME BY MAJOR ACTIVITIES*

REVENUES	1971		1970		1969		1968		1967	
Food products	$374,001,000	74%	$358,320,000	71%	$330,061,000	73%	$273,633,000	75%	$278,746,000	81%
Merchandising	61,579,000	12	58,172,000	12	57,146,000	13	47,841,000	13	36,338,000	11
Land development	27,727,000	5	43,069,000	9	26,791,000	6	10,550,000	3	7,694,000	2
Manufacturing	19,805,000	4	20,339,000	4	15,725,000	3	14,954,000	4	7,118,000	2
Service operations	18,114,000	4	17,050,000	3	15,553,000	4	14,506,000	4	10,292,000	3
Other	5,812,000	1	6,050,000	1	4,627,000	1	3,978,000	1	3,121,000	1
Total	$507,038,000	100%	$503,000,000	100%	$449,903,000	100%	$365,462,000	100%	$343,309,000	100%

INCOME BEFORE UNALLOCATED EXPENSES AND INCOME TAXES	1971		1970		1969		1968		1967	
Food products	$16,154,000	80%	$31,165,000	73%	$26,005,000	78%	$22,160,000	75%	$18,573,000	82%
Merchandising	(661,000)	(3)	2,324,000	5	1,314,000	4	1,320,000	4	969,000	4
Land development	1,269,000	6	1,893,000	4	2,430,000	7	1,845,000	6	(636,000)	(3)
Manufacturing	2,743,000	13	2,926,000	7	2,212,000	7	2,321,000	8	957,000	4
Service operations	932,000	5	2,400,000	6	1,279,000	4	1,586,000	5	2,348,000	11
Other	(208,000)	(1)	2,263,000	5	76,000	—	513,000	2	479,000	2
Total	20,229,000	100%	42,971,000	100%	33,316,000	100%	29,745,000	100%	22,690,000	100%
Less unallocated expenses:										
Corporate	4,658,000		4,463,000		3,843,000		3,116,000		2,281,000	
Interest	1,684,000		1,221,000		1,922,000		1,148,000		1,462,000	
Income before income taxes	$13,887,000		$37,287,000		$27,551,000		$25,481,000		$18,947,000	

*The years 1971, 1970 and 1969 represent 12-month periods ended March 31.
The year 1968 is for the 11-month period ended March 31.
The year 1967 is for the 12-month period ended April 30.

This compares with $144,673,000, including $43,041,000 of current assets, a year earlier.

ACQUISITIONS

On June 22, 1970, the Dole division consummated the acquisition, for cash and notes, of the assets of the Hawaii pineapple operations of Libby, McNeill & Libby. These operations included an 11,700-acre plantation on the island of Molokai and a cannery (subsequently closed) in Honolulu, all on leased land. Under the acquisition agreement, Dole will sell to Libby a portion of Libby's pineapple requirements over the next several years.

During fiscal 1970-71, the Bumble Bee Seafoods division increased its ownership in Surinam American Industries, Ltd. from 77% to 89%. The 1969 acquisition agreement provides for additional ownership by Bumble Bee of this South American fresh frozen shrimp processing company.

Near the end of the fiscal year, the Oceanic Properties subsidiary purchased the 40% minority interest in Mililani Town, Inc.

INVENTORIES

Inventories at March 31, 1971 and 1970 consisted of the following:

	1971	1970
Merchandise purchased, at the lower of cost or market:		
Principally first-in, first-out	$ 4,857,000	$ 6,822,000
Retail inventory method	8,142,000	8,202,000
Finished products and raw materials:		
Generally at the lower of cost (first-in, first-out) or market	66,000,000	40,861,000
At static unit values (substantially less than cost)	—	4,973,000
Residential projects completed or under construction, at the lower of cost or market	9,373,000	12,187,000
Operating supplies, generally at the lower of average cost or market	39,646,000	37,577,000
Total	$128,018,000	$110,622,000

For an explanation of the change in the method of valuing finished pineapple products produced in Hawaii, see "Revenues and Income" on Page 16.

INCOME TAXES

Income tax expense for both years was less than amounts computed using U.S. statutory rates applicable to ordinary income, principally as a result of lower tax rates applicable to certain foreign income and to capital gains.

Deferred income taxes result from: (1) use of different methods of computing depreciation and of valuing certain inventories for tax purposes and for financial statement purposes; (2) use, for tax purposes, of the installment method of accounting for certain deferred-payment sales; and (3) differences between financial statement and tax expenses for pension and management incentive plans, development costs of certain computer programs, carrying charges of real estate projects, and pre-production costs for new banana plantings.

FINANCING

Consolidated long-term debt at March 31, 1971 and 1970, less current maturities, consisted of the following:

	1971	1970
5⅜% Convertible Subordinated Debentures	$ 30,000,000	$ 30,000,000
Unsecured notes:		
6%, maturing serially to 1974	13,345,000	16,239,000
6-15/16%, maturing in 1977	15,000,000	—
Other: 1971—range of 6% to 12½%, maturing serially to 1980; 1970—range of 5% to 12-7/16%, maturing serially to 1974	38,952,000	32,672,000
Real estate notes payable (land, residential projects, notes or contracts receivable pledged as collateral) 1971—range of 6¼% to 10%; 1970—range of 6% to 10%	11,880,000	17,449,000
Mortgage, installment and other notes payable (certain land, buildings, machinery and equipment pledged as collateral)—range of 5% to 9%, maturing at various dates to 1993	19,148,000	20,042,000
Total	$128,325,000	$116,402,000

The debentures are convertible at any time into common stock at a rate of one share for each $36.68 of principal amount of debenture. Full conversion would require 817,885 shares. Annual sinking fund payments of 5% of the principal amount outstanding at March 1, 1979 will begin one year later and continue to maturity in 1994.

Real estate notes payable relate to residential projects and land held for development and are to be paid as residences are sold or as related installment contracts are collected.

Payments on long-term debt other than real estate notes payable are due in the following amounts during the years ending March 31, 1972, $21,192,000; 1973, $24,337,000; 1974, $11,939,000; 1975, $14,720,000; 1976, $4,378,000.

Provisions of an indenture and certain credit agreements impose restrictions on payment of cash dividends by the company and certain subsidiaries. At March 31, 1971, $37,240,000 of retained earnings was not restricted as to payment of cash dividends. In addition, other restrictions require maintenance of minimum working capital, current ratios and debt ratios.

GROWING CROPS

Growing crops consist of pineapple and sugar crops in Hawaii stated at static values, which are substantially less than current costs. The costs of growing these and all other crops are charged to operations as incurred, except for pre-production costs for new banana plantings, which are capitalized and then amortized.

PROPERTY

Major classes of property, other than land, at March 31, 1971 and 1970 were:

	1971	1970
Real estate improvements ...	$ 29,247,000	$ 26,289,000
Buildings	67,992,000	63,294,000
Machinery and equipment ..	154,993,000	143,669,000
Water, power and sewer systems	15,050,000	13,458,000
Construction in progress	14,546,000	12,803,000
Total	$281,828,000	$259,513,000

DEFERRED CHARGES

Deferred charges at March 31, 1971 include $19,339,000 of costs and expenses in excess of revenues of two Philippine subsidiaries during their development stages. For Dole Philippines, the annual amortization is $828,000 until 1988. For Standard (Philippines) Fruit Corp., amortization began in January, 1971, and the annual amount is $1,026,000 until 1979.

COMMITMENTS AND CONTINGENT LIABILITIES

Costs of ship charters of six years' duration or less and lease agreements expiring generally within the next 25 years will be at least $15,528,000 for the fiscal year ending March 31, 1972.

Castle & Cooke and its consolidated subsidiaries have qualified retirement plans covering most full-time employes. The cost of these plans declined to $2,914,000 for fiscal 1970-71 from $3,398,000 for fiscal 1969-70 due principally to a change in the method of applying actuarial gains. The company's policy is to fund pension costs accrued. The value of the pension funds and balance sheet accruals at March 31, 1971 exceeded the actuarially computed value of vested benefits for all plans.

Also, several subsidiaries are parties to various industry-wide collective bargaining agreements which provide for pension benefits and which are jointly administered by labor and management trustees. Contributions to these plans are either stipulated in the collective bargaining agreements or based on actuarial computations. The total cost of these collective bargaining plans, plus direct payments to pensioners, was $753,000 for fiscal 1970-71 and $853,000 for fiscal 1969-70.

At March 31, 1971, the company and several of its subsidiaries were contingently liable for $4,548,000 for notes discounted and mortgage loans endorsed, and for $21,437,000 for guarantees of associated companies' indebtedness.

A legal action filed in 1969 seeking annulment of Dole Philippine's grower agreement in that country is still pending before the Philippine Supreme Court. Dolefil and the Philippine government agencies involved have filed answers to the petition asserting that the agreement is valid and asking that the petition be dismissed. In the opinion of counsel for Dolefil, the petition is without sufficient legal basis and eventually will be dismissed by the Supreme Court.

Legal action pending at March 31, 1970 by former stockholders of the Standard Fruit & Steamship Co.

subsidiary in connection with a 1965 tender offer was ended during the year by a court-approved compromise settlement involving payment of $1,000,000 by Castle & Cooke. The payment was accounted for as an increase in the company's investment in Standard.

In September, 1970, the U.S. Department of Justice filed a civil antitrust suit in the U.S. District Court for the Eastern District of New York, charging Standard with conspiring with a trucker to monopolize the carriage of its bananas within the metropolitan New York area by requiring purchasers of its bananas in that area to use the trucker for deliveries of their purchases. In the opinion of counsel for Standard, the government's action is without merit.

STOCK OPTIONS

The company has stock option plans under which options to purchase its common shares may be granted to officers and other key employes. Option periods run for five years, and option prices are the market prices on dates of grant. Options generally become exercisable cumulatively in equal amounts on each anniversary of the grant except that shares applicable to both the fourth and fifth years of the option become exercisable simultaneously at the end of the fourth year.

A summary of stock option transactions during fiscal 1970-71, as adjusted for the May, 1970 stock dividend, follows:

	Options Outstanding			
	Shares	Average Per Share	Total	Shares Available For Option
Balance, April 1, 1970	373,745	$20.33	$7,598,000	97,507
Options granted	147,190	23.39	3,444,000	(2,100)
Options surrendered	(145,090)	31.16	(4,521,000)	—
Options exercised	(37,803)	10.60	(401,000)	—
Options cancelled	(14,754)	24.88	(367,000)	14,754
Balance, March 31, 1971	323,288	$17.80	$5,753,000	110,161

STOCKHOLDERS' EQUITY

Stockholders' equity at year end was $192,915,000 ($17.51 per share), compared with $189,214,000 ($17.36 a share) a year earlier.

Authorized capital consists of 1,000,000 shares of no par value preferred stock, none of which has been issued, and 25,000,000 shares of $10 par value common stock.

Changes in shares of common stock outstanding during the past two years were:

	1971	1970
At beginning of year	10,482,197	10,052,777
Stock options exercised	37,514	174,520
Stock dividends	524,175	—
Shares issued in poolings of interests, purchases and related transactions	—	350,208
Restricted stock issued to employes	—	22,000
Purchased for treasury	(6,638)	(117,308)
At end of year	11,037,248	10,482,197

Common stock reserved at March 31, 1971 for the convertible debentures, stock options and contingent payouts amounted to 1,400,866 shares.

Changes in capital in excess of par value during the past two years were:

	1971	1970
Balance at beginning of year	$ 9,039,000	$6,703,000
Excess of market value over par value of shares issued for purchase of Mendonca Estate	—	2,520,000
Excess of market value over par value of shares issued as 5% stock dividend	5,766,000	—
Excess of cost over market value of treasury shares issued to employes as restricted stock	—	(232,000)
Excess of option price over par value of shares issued under stock option plans	26,000	98,000
Other	15,000	(50,000)
Balance at end of year	$14,846,000	$9,039,000

DIVIDENDS

A 5% stock dividend was issued to stockholders of record May 29, 1970. Cash dividends declared during fiscal 1970-71 were $6,609,000, compared with $6,254,000 in the previous year. The rate of cash dividend payments per common share remained unchanged at 60¢ annually, paid in increments of 15¢ quarterly.

OTHER EVENTS

On March 1, 1971, the company announced plans to discontinue sugar operations at its Kohala Sugar Co. subsidiary at the close of the 1973 season. Kohala Sugar has been a marginal operation for many years. It is estimated that income generated over the next three fiscal years will cover all termination costs.

AUDITORS' REPORT

To the Stockholders of Castle & Cooke, Inc.:

We have examined the statement of consolidated financial condition of Castle & Cooke, Inc. and its consolidated subsidiaries as of March 31, 1971 and 1970 and the related statements of consolidated income and retained earnings and consolidated source and application of funds for the years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We did not examine the financial statements of Standard Fruit and Steamship Company and its subsidiaries for the aforementioned years or of Barclay Hollander Curci, Inc. and its subsidiaries for the year ended March 31, 1970, whose assets, revenues, and net income included in consolidation represent substantial portions of the respective consolidated amounts, but we were furnished with reports of other accountants on their examinations of the financial statements of those companies for those years.

In our opinion, based on our examination and the reports of other accountants referred to above, the accompanying statements of consolidated financial condition, consolidated income and retained earnings, and consolidated source and application of funds present fairly the financial position of Castle & Cooke, Inc. and its consolidated subsidiaries at March 31, 1971 and 1970 and the results of their operations and the source and application of their funds for the years then ended, in conformity with generally accepted accounting principles applied (except for the changes in the year ended March 31, 1971 in accounting for certain finished goods inventories explained on page 16 of the Financial Review) on a consistent basis.

HASKINS & SELLS

Honolulu, Hawaii
April 29, 1971

STATEMENT OF CONSOLIDATED FINANCIAL CONDITION

	March 31, 1971	March 31, 1970
CURRENT ASSETS		
Cash	$ 13,714,000	$ 16,598,000
Time deposits and marketable securities—at cost, which approximates market	2,052,000	257,000
Accounts receivable, less allowances for doubtful accounts—1971, $885,000; 1970, $892,000	56,852,000	55,435,000
Federal income tax refund receivable—net	4,118,000	—
Inventories	128,018,000	110,622,000
Prepaid expenses	5,350,000	5,865,000
Total current assets	210,104,000	188,777,000
DEDUCT CURRENT LIABILITIES		
Notes payable	65,333,000	49,326,000
Current portion of long-term debt	29,526,000	16,444,000
Accounts payable	38,770,000	41,950,000
Dividends payable	1,656,000	1,572,000
Income taxes payable, less foreign government securities—1971, $700,000; 1970, $1,275,000	3,179,000	4,497,000
Total current liabilities	138,464,000	113,789,000
WORKING CAPITAL	71,640,000	74,988,000
GROWING CROPS—At static values	4,050,000	4,050,000
REAL ESTATE PROJECTS—At the lower of cost or market	29,496,000	29,517,000
INVESTMENTS		
Capital stock of sugar marketing cooperative—at cost	1,392,000	1,392,000
Subsidiaries not consolidated:		
Domestic—at equity	1,883,000	1,004,000
Foreign—at cost, less reserves—1971, $1,300,000; 1970, $1,300,000	769,000	454,000
Other investments—at cost	8,635,000	7,604,000
LAND—At cost	28,538,000	27,490,000
BUILDINGS, MACHINERY AND EQUIPMENT—At cost, less accumulated depreciation—1971, $138,689,000; 1970, $127,991,000	143,139,000	131,522,000
NON-CURRENT RECEIVABLES—Less allowances for doubtful accounts—1971, $288,000; 1970, $292,000	26,879,000	26,963,000
DEFERRED CHARGES AND OTHER ASSETS	38,198,000	28,589,000
Total assets less current liabilities	354,619,000	333,573,000
DEDUCT		
Long-term debt	128,325,000	116,402,000
Deferred income taxes	14,536,000	8,741,000
Deferred income and other credits	3,715,000	4,708,000
Minority interests	15,128,000	14,508,000
Total	161,704,000	144,359,000
NET ASSETS, REPRESENTING STOCKHOLDERS' EQUITY	$192,915,000	$189,214,000
STOCKHOLDERS' EQUITY		
Capital stock	$112,275,000	$106,658,000
Capital in excess of par value	14,846,000	9,039,000
Capital from acquisition of subsidiaries' stock	16,969,000	16,969,000
Retained earnings	54,696,000	62,241,000
	198,786,000	194,907,000
Less cost of treasury stock —1971, 190,256 shares; 1970, 183,618 shares	5,871,000	5,693,000
STOCKHOLDERS' EQUITY	$192,915,000	$189,214,000

Pages 16 to 21 of the Financial Review should be read in conjunction with this statement.

STATEMENT OF CONSOLIDATED INCOME AND RETAINED EARNINGS

Year Ended March 31	1971	1970
REVENUES		
Food products	$374,001,000	$358,320,000
Merchandising	61,579,000	58,172,000
Land development and real estate operations	27,727,000	43,069,000
Manufacturing	19,805,000	20,339,000
Service operations, including rentals	18,114,000	17,050,000
Dividends, interest and other revenues	4,441,000	4,002,000
Gain on sales of capital assets	1,371,000	2,048,000
Total	507,038,000	503,000,000
COSTS AND EXPENSES		
Cost of products and merchandise sold (except depreciation)	358,364,000	346,920,000
Selling, service, general and administrative expenses	106,874,000	95,517,000
Depreciation (generally straight-line)	13,236,000	11,726,000
Interest	14,677,000	11,550,000
Total	493,151,000	465,713,000
INCOME BEFORE INCOME TAXES	13,887,000	37,287,000
INCOME TAXES		
Current	2,610,000	12,349,000
Deferred	3,074,000	2,278,000
Total	5,684,000	14,627,000
INCOME BEFORE MINORITY INTERESTS	8,203,000	22,660,000
MINORITY INTERESTS	1,609,000	2,292,000
INCOME BEFORE EXTRAORDINARY ITEMS	6,594,000	20,368,000
EXTRAORDINARY ITEMS—Net	3,478,000	(2,743,000)
NET INCOME	10,072,000	17,625,000
RETAINED EARNINGS, BEGINNING OF PERIOD	62,241,000	50,870,000
DEDUCT		
Cash dividends	(6,609,000)	(6,254,000)
Stock dividends	(11,008,000)	—
RETAINED EARNINGS, END OF PERIOD	$ 54,696,000	$ 62,241,000
EARNINGS PER COMMON SHARE		
Income before extraordinary items	$ .60	$ 1.87
Extraordinary items	.31	(.25)
Net income	$ .91	$ 1.62
EARNINGS PER COMMON SHARE, ASSUMING FULL DILUTION		
Income before extraordinary items	$ .60	$ 1.81
Extraordinary items	.31	(.24)
Net income	$ .91	$ 1.57
CASH DIVIDENDS PER COMMON SHARE	$ .60	$ .57

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STATEMENT OF CONSOLIDATED SOURCE AND APPLICATION OF FUNDS

SOURCE OF FUNDS — Year Ended March 31	1971	1970*
Net income	**$10,072,000**	$17,625,000
Income applicable to minority interests	**1,609,000**	1,862,000
Depreciation	**13,236,000**	11,726,000
Deferred income taxes	**5,795,000**	2,958,000
Funds provided from operations	**30,712,000**	34,171,000
Additions to long-term debt	**50,800,000**	25,947,000
Capital stock issued for purchase of company	**—**	4,200,000
Sales of capital stock under stock option plans	**401,000**	1,845,000
Disposition of property	**4,006,000**	7,309,000
Disposition of investments	**1,435,000**	3,910,000
Decrease in real estate projects	**21,000**	1,765,000
Total	**$87,375,000**	$79,147,000
APPLICATION OF FUNDS		
Additions to property—includes companies consolidated for the first time—1971, $423,000; 1970, $3,389,000	**$29,907,000**	$30,419,000
Repayment of long-term debt	**38,877,000**	21,062,000
Cash dividends	**7,109,000**	6,613,000
Purchases of treasury stock	**221,000**	3,674,000
Additions to investments	**3,660,000**	2,535,000
Purchases of capital stock of consolidated subsidiaries	**2,849,000**	4,147,000
Additional deferred costs and expenses of Philippine subsidiary in developmental stage	**1,791,000**	1,963,000
Net changes in other assets and deferred credits	**6,309,000**	1,152,000
Increase (decrease) in working capital	**(3,348,000)**	7,582,000
Total	**$87,375,000**	$79,147,000

INCREASE (DECREASE) IN WORKING CAPITAL	1971	1970*
Increases (decreases) in current assets:		
Cash	**$ (2,884,000)**	$ 2,928,000
Time deposits and marketable securities	**1,795,000**	(2,035,000)
Accounts receivable	**1,417,000**	7,847,000
Federal income tax refund receivable—net	**4,118,000**	—
Inventories	**17,396,000**	3,677,000
Prepaid expenses	**(515,000)**	(326,000)
	21,327,000	12,091,000
Less increases (decreases) in current liabilities:		
Notes payable	**16,007,000**	875,000
Current portion of long-term debt	**13,082,000**	6,380,000
Accounts payable	**(3,180,000)**	3,052,000
Dividends payable	**84,000**	119,000
Income taxes payable	**(1,318,000)**	(5,917,000)
	24,675,000	4,509,000
Increase (decrease) in working capital, as shown above	**$ (3,348,000)**	$ 7,582,000

*Reclassified to conform to 1971 presentation.

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